

PUBLIC DISCLOSURE

JANUARY 22, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MELROSE CO-OPERATIVE BANK

26511

**638 MAIN STREET
MELROSE, MA 02176**

**Division of Banks
One South Station
Boston, MA 02110**

**Federal Deposit Insurance Corporation
15 Braintree Hill Office Park
Braintree, MA 02184**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

TABLE OF CONTENTS

I.	General Information	1
II.	Institution Rating	
a.	Overall Rating	1
b.	Description of Institution	2
c.	Description of the Assessment Area	2
d.	Scope of the Examination.....	4
e.	Conclusions with Respect to Performance Criteria.....	5
III.	Appendix	
a.	Fair Lending (Division of Banks).....	A-1
b.	Definitions	A-2

GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income individuals, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **MELROSE CO-OPERATIVE BANK (or the “Bank”)** prepared by the Division and the FDIC, the institution's supervisory agencies.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”

An institution in this group has a “Satisfactory” record of helping to meet the credit needs of its assessment area, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities. The following summarizes the Bank’s performance relative to the various performance criteria.

- The Bank’s loan-to-deposit ratio is considered reasonable given the institution’s size, financial condition, and assessment area credit needs. The current ratio, as of September 30, 2008, is 82 percent.
- The Bank originated half of its loans within its assessment area, by number. While the apparent declining trend is a concern, the Bank’s ability to perform in a highly competitive lending environment is considered adequate.
- The Bank displayed an excellent penetration of loans to borrowers of different incomes. Analysis of the 2007 lending performance revealed that the Bank’s percentages to low- and moderate-income borrowers exceeded the aggregate. Further, the Bank achieved market ranks of 1st and 7th, respectively, in 2007.
- The Bank’s assessment area consists entirely of middle-income census tracts. A review of the Bank’s lending performance revealed loans in every tract, and a performance that supports the Bank’s overall rating.
- A review of the Bank’s qualified investments and services, at management’s request, revealed a performance that was commensurate with the Bank’s overall rating.

PERFORMANCE CONTEXT

Description of Institution

Melrose Co-operative Bank is a state-chartered institution, incorporated under the laws of the Commonwealth of Massachusetts in 1890. The Bank's sole office is located at 638 Main Street in Melrose. Office hours are generally from 8:00AM through 4:00PM Monday through Friday with extended hours on Friday evenings and Saturdays from 8:00AM through 12:00PM. The Bank has a drive up automated teller machine (ATM) at its main office. In addition, the Bank offers telephone and internet banking.

As of September 30, 2008, the Bank's assets totaled \$119 million. Total loans as of this date stood at approximately \$86 million and deposits totaled \$103 million. While offering a variety of checking, savings and loan products, the Bank is primarily a residential real-estate lender, with loans secured by 1-4 family residential properties representing over 95.0 percent of the Bank's loan portfolio. Table 1 contains further details of the Bank's loan portfolio by type:

Table 1 Loan Portfolio at September 30, 2008		
Loan Type	Dollar Volume \$(000)	Percentage of Total Loans
Closed-end 1-4 Family Residential First Lien	72,150	84.2
Revolving Open-end 1-4 Family Residential	6,712	7.8
Closed-end 1-4 Family Residential Junior Lien	2,717	3.2
Construction and Land Development	1,718	2.0
Multi-family Residential	1,044	1.2
Consumer Loans	980	1.2
Commercial Real Estate	334	0.4
Total	85,655	100.0

Source: September 30, 2008 Consolidated Report of Condition

The FDIC conducted its last CRA Evaluation on November 12, 2003, and the Division conducted its most recent CRA Evaluation on December 20, 2004. Both examinations resulted in overall CRA ratings of "Satisfactory".

There are no significant financial or legal impediments that limit the Bank's ability to help meet the credit needs of its assessment area. However, it is noted that the Bank operates in a highly competitive environment.

Description of Assessment Area

The CRA requires each financial institution to define an assessment area within which its CRA performance will be evaluated. An assessment area should consist of Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), Metropolitan Divisions (MDs), or contiguous political subdivisions such as counties, cities, or towns. Further, an assessment area should not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition.

Melrose Co-operative Bank has identified its assessment area as the City of Melrose, Massachusetts. Melrose is in Middlesex County and is part of the Cambridge-Newton-Framingham, MA, MD. The assessment area consist of five middle-income census tracts and as currently defined, meets the technical requirements of the regulation as it includes whole geographies and does not arbitrarily exclude low- or moderate-income areas or expand beyond state boundaries.

The assessment area's total population is 27,134 and contains 10,971 households, of these 7,101 are families. According to the 2000 U.S. Census data, 20.9 percent of households in the assessment area are low-income, 12.5 percent are moderate-income, 19.2 percent are middle-income and 47.4 percent are upper-income. Of the families in the assessment area, 13.5 percent are low-income, 18.4 percent area moderate-income, 27.2 percent are middle-income and 40.9 percent are upper-income. According to the 2000 Census, 1.6 percent of families have incomes below the poverty level.

Housing units in the assessment area total 11,248. Of the total housing units, 65.5 percent are owner-occupied, 32.2 percent are rented, and 2.3 percent are vacant. According to the 2000 Census data, the median home value in the assessment area is \$250,154. More recent data obtained from the *Warren Group* indicated that the median sales price in the assessment area was \$390,000 in 2006 and 2007, but fell to \$373,900 in 2008.

According to market share reports in 2006, there were 188 lenders who originated or purchased a home mortgage loan in the Bank's assessment area. In 2007, there were 156 lenders that originated or purchased home mortgage loans in the area. Of the total lenders, the Bank ranked 10th in market share in 2006 and 12th in 2007.

Community Contact

A representative of a local community organization was contacted during the evaluation to assess the needs of the area and to get a sense of the Bank's contributions and reputation. The organization contacted provides planning and community development programs throughout the City of Melrose. The representative stated that the Bank actively participates in affordable housing activities in Melrose.

SCOPE OF EXAMINATION

This evaluation assessed the Bank's performance utilizing "small bank" performance criteria. Throughout the evaluation, the demographic information referenced was obtained from the 2000 U.S. Census, unless otherwise noted.

Data reviewed to form conclusions about the Bank's lending performance included home mortgage loans reported on the Home Mortgage Disclosure Act ("HMDA") Loan Application Registers ("LARs") for full years 2006 and 2007. Data pertaining to the Bank's HMDA reportable lending for the first three quarters of 2008 was also reviewed. The LARs contain data about home purchase and home improvement loans, including refinancing, on one-to-four family and multifamily (five or more units) properties. The Bank's data was compared with the aggregate data, for 2007, as this was the most recent year available. A review of the Bank's small business lending activity revealed minimal volume. In fact, commercial real estate and commercial and industrial loans represent less than 1 percent of the Bank's total loan portfolio. Given this information, the Bank's small business loans were not included in the analysis.

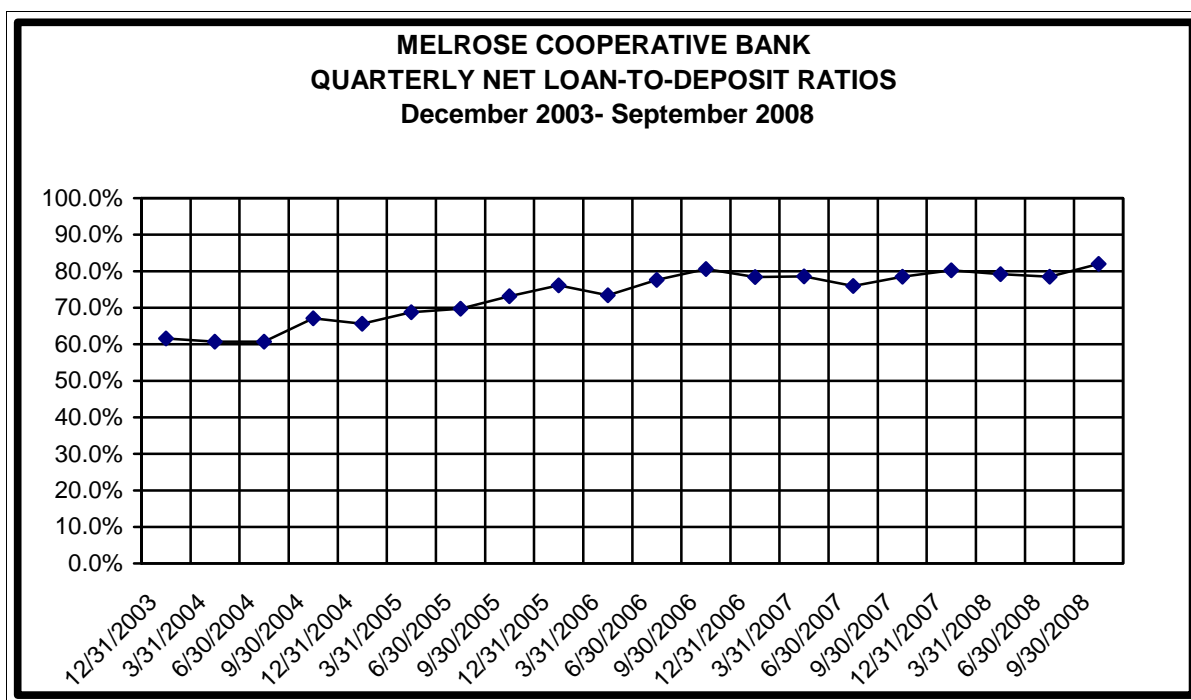
At management's request, the Bank's community development investments and services activity were also reviewed.

The following is a summary of the Bank's performance within each of the applicable performance criteria.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-deposit (LTD) ratio since the previous FDIC evaluation, conducted on November 12, 2003, was calculated at 73.4 percent. As of September 30, 2008, the Bank's LTD ratio stood at 82.0 percent, which was the highest ratio over the period. The lowest ratio for the period was calculated at 60.7 percent as of March 31, 2004. The chart below displays the Bank's LTD ratios during the last 20 quarters.



The graph depicts an increasing trend since 2003, with relative consistency since 2006. During the time period, net loans increased by approximately 39.8 percent from \$61 million to \$85 million; while deposits increased approximately 5.1 percent from approximately \$99 million to \$104 million. Slight fluctuations in the ratio may be attributed to the fact that the Bank sells loans on the secondary market. The Bank sold 14 loans totaling \$2.9 million during the time period under review.

Overall, the Bank's LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion determines what percentage of the Bank's lending occurs within its assessment area and evaluates its appropriateness. Table 2 contains specific information concerning the distribution of loans inside and outside the assessment area.

Table 2										
Distribution of Loans Inside and Outside the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2006 HMDA										
Purchase	16	48.5	17	51.5	33	4,142	51.2	3,945	48.8	8,087
Home Improvement	7	58.3	5	41.7	12	1,071	55.8	848	44.2	1,919
Refinance	16	59.3	11	40.7	27	3,128	52.3	2,853	47.7	5,981
Subtotal	39	54.2	33	45.8	72	8,341	52.2	7,646	47.8	15,987
2007 HMDA										
Purchase	12	46.2	14	53.8	26	3,408	43.3	4,466	56.7	7,874
Home Improvement	4	57.1	3	42.9	7	290	77.3	85	22.7	375
Refinance	14	51.9	13	48.1	27	1,839	40.1	2,744	59.9	4,583
Subtotal	30	50.0	30	50.0	60	5,537	43.1	7,295	56.9	12,832
2008 (YTD) HMDA										
Purchase	11	34.4	21	65.6	32	2,867	30.0	6,700	70.0	9,567
Home Improvement	6	66.7	3	33.3	9	844	77.1	250	22.9	1,094
Refinance	11	52.4	10	47.6	21	2,511	45.1	3,057	54.9	5,568
Subtotal	28	45.2	34	54.8	62	6,222	38.3	10,007	61.7	16,229
Total	97	50.0	97	50.0	194	20,100	44.6	24,948	55.4	45,048

Source: HMDA LAR Data (2006, 2007, YTD 2008)

As displayed above, the Bank's HMDA reportable lending activity for 2006, 2007 and the first three quarters of 2008 was reviewed to determine the percentage of loans originated within the assessment area by number and dollar amount. Lending data was obtained from the Bank's LAR filed under the provisions of HMDA. More emphasis was placed on the number of loans originated versus the dollar amount, as large dollar loans could skew the analysis and give the appearance that more lending attention was directed toward higher cost areas or toward higher income applicants.

For the period reviewed, the Bank originated 194 HMDA-reportable loans totaling \$45 million, 97, or 50.0 percent, were originated inside the Bank's assessment area. The table illustrates a declining trend in the number of loans originated inside the assessment area from 2006 to 2008, with 54.2 percent in 2006, 50.0 percent in 2007, and 45.2 percent in 2008. This trend is attributed to declining economic conditions and the level of competition in the assessment area. Further, the Bank's assessment area consists of only Melrose, and there are certain limitations on the number of lending opportunities, as 35 percent of the housing units are rented or vacant.

Of the 156 lenders who originated or purchased home mortgage loans in the Bank's assessment area in 2007, the Bank was ranked 12th in market share. The Bank held 2.2 percent of the market share in the assessment area, with only much larger regional and national lenders ranking higher. Although the level of lending inside the assessment area declined in 2007, the Bank's market rank represents a reasonable penetration in the assessment area.

The table above also illustrates the breakout of loans inside and outside the assessment area by loan purpose. Less than 50 percent of home purchase loans, by number, were originated inside the assessment area in each year under review, reflecting a declining trend. The percentage of refinance and home improvement loans, by number, decreased from 2006 to 2007, but show an increase in 2008 based on the year-to-date data. This data is reflective of the competition in the area, but also the limited lending opportunities.

As a majority of the Bank's loans were originated within the assessment area, overall the Bank meets the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Bank's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes for 2006, 2007, and 2008 were compared to the median family incomes for the Cambridge-Newton-Framingham, MA MD. The income figures are based on median family income derived from data collected during the 2000 U.S. Census for the assessment area. The median income figures are adjusted annually by the Department of Housing and Urban Development (HUD) to allow for factors such as inflation and other economic events. The median family incomes for the Cambridge-Newton-Framingham, MA MD for 2006, 2007 and 2008 were \$90,900, \$88,900, and \$93,000, respectively.

Low-income is defined as income that is less than 50 percent of the area median income; moderate-income is defined as income that is at least 50 percent and less than 80 percent of the area median; middle-income is defined as income that is at least 80 percent and less than 120 percent of the area median income; and upper-income is defined as income that is 120 percent or more of the area median income.

Table 3 breaks out the loans originated by the Bank, inside the assessment area in 2006 and 2007, categorized by the applicants' reported income in relation to the HUD-adjusted median family income for the respective year. The table also presents the distribution of families by income level and the aggregate market data for 2007.

Table 3 Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	% Families	Aggregate Lending Data (% of #)	2006		2007		Total	
		2007	#	%	#	%	#	%
Low	13.5	3.7	3	7.7	5	16.7	8	11.6
Moderate	18.4	13.9	4	10.3	6	20.0	10	14.5
Middle	27.2	29.8	17	43.6	9	30.0	26	37.7
Upper	40.9	39.4	13	33.3	9	30.0	22	31.9
NA	0.0	13.2	2	5.1	1	3.3	3	4.3
Total	100.0	100.0	39	100.0	30	100.0	69	100.0

Source: HMDA LAR Data (2006, 2007), 2000 Census Data and 2007 HMDA Aggregate Data

As displayed in the table above, the Bank originated three loans, or 7.7 percent, to low-income borrowers in 2006. The Bank's performance in that year was below the percentage of low-income families, at 13.5 percent. This disparity is not unexpected, since individuals of low-income levels may have a reduced ability to afford a home and to secure a mortgage loan. This in turn reduces a financial institution's ability to penetrate these markets. However, in 2007, the Bank's performance increased significantly, by percentage, with 16.7 percent of loans granted to low-income borrowers, exceeding the percentage of low-income families. In addition, the Bank also significantly outperformed the 2007 aggregate.

In 2006, the Bank made four loans, or 10.3 percent, to moderate-income borrowers. The Bank's performance improved in 2007, with six loans, or 20.0 percent, granted to moderate-income borrowers. The Bank's 2007 performance again exceeded both the aggregate and demographic percentages.

Partial year data for 2008 was also reviewed and revealed that the Bank granted one loan, or 3.6 percent, to a low-income borrower, and five loans, or 17.9 percent, to moderate-income borrowers.

The Bank's market ranks represent a strong penetration in lending to low- and moderate-income borrowers. In 2007, the Bank ranked 1st in lending to low-income borrowers and 7th to moderate-income borrowers.

Based on analyses of the Bank's lending by purpose and borrower income, the Bank made noteworthy efforts to assist low- and moderate-income individuals. Of the three loans the Bank made to low-income borrowers in 2006, two were for the purpose of home purchase and one was a home improvement loan. Of the four loans granted to moderate-income borrowers, two were home purchase loans and two were refinance loans. In 2007, the breakout by purpose of the five loans to low-income borrowers is as follows: one home purchase, one home improvement, three refinances. Of the loans granted to moderate-income borrowers, four were home purchase loans and two were refinance loans. The 2008 data indicated the one loan granted to a low-income borrower was for the purpose of home purchase and of the five loans granted to moderate-income borrowers, two were home improvement loans and three were refinances.

The distribution of loans to borrowers of different incomes reflects, given the demographics of the assessment area, an excellent penetration among individuals of different income levels (including low- and moderate-income).

In addition to residential loans originated to low- and moderate-income borrowers (discussed above), the Bank also originated several loans with a community development purpose. Many of these loans benefited low- and moderate-income individuals and families, and deserve recognitions within this evaluation.

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low- and moderate-income geographies. In addition, unless for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan. Although Community Development Lending is not considered as part of the “small bank” evaluation, the Bank made one loan which would be considered a community development loan. The following information summarizes the Bank’s loan.

- The Bank provided a loan to a non-profit corporation in 2006 for the purpose of acquiring a multi-family home in Melrose. The Bank granted a flexible term loan for \$472,000 at below market rates. The purpose of the loan was to purchase and rehabilitate the building and provide six units of affordable rental units to low- and moderate-income tenants.

In addition to the one community development loan, the Bank also originated nine loans totaling \$2.4 million, through a special MassHousing’s Finance Agency program. The program offers a 20 percent discount to low-income borrowers. MassHousing’s mission is to help low- to moderate-income home buyers achieve and maintain home ownership. Although the Bank already received recognition for these loans, the originations are noteworthy for a bank of this size and capacity.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The distribution of the Bank’s loans by census tract income level was reviewed to determine the extent to which the Bank is addressing the credit needs of the area’s residents within the various census tract income levels.

As discussed previously, the Bank’s assessment area is the City of Melrose, and contains only middle-income census tracts; therefore, this review focused on the Bank’s HMDA lending in comparison with the percentage of families residing in those census tracts. This comparison revealed the Bank’s lending dispersion in these tracts is consistent with the percentage of families residing in those tracts and that the Bank has penetrated all census tracts throughout the assessment area. Therefore, the Bank’s performance is reasonable.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS AND REGULATIONS

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

An onsite evaluation was conducted using small bank procedures, as defined by the CRA. A review of the Division's and FDIC's records, as well as the Bank's Public CRA File did not reveal any complaints relating to the Bank's CRA performance since the prior evaluation.

QUALIFIED INVESTMENTS AND SERVICES

At management's request, the Bank's qualified community development investment and service activity was also reviewed. Overall, this activity did not detract from the overall rating; rather, the activity supported the overall rating. The following is a brief summary of the Bank's performance.

Investments

A qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low- and moderate-income geographies.

The Bank's qualified community development investments consist primarily of charitable contributions. During the evaluation period, the Bank made 12 qualified donations, totaling \$7,150. While the overall volume is considered low, it does indicate that the Bank attempts to support certain qualified organizations in its assessment area.

Some of the organizations which have benefited from the Bank's contributions include the Melrose Housing Corporation, Homeowner Options for Massachusetts Elders (H.O.M.E.), and the Money Management Program offered through Mystic Valley Elder Services.

Services

Qualified services are those that meet the credit needs of an institution's assessment area through the institution's systems for delivering retail banking services and the community development services the institution provides. Retail banking services are evaluated according to (1) the distribution of the institution's branches among geographies of different income levels; (2) the institution's record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; (3) the availability and effectiveness of alternate systems for delivering retail banking services;

and (4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Retail Banking Services

The Bank's retail services were discussed briefly in the "Description of Institution" section, and are considered reasonable and commensurate with the competition.

Community Development Services

A Community Development Service has community development as its primary purpose and is generally related to the provision of financial services. The Bank has devoted time and resources to area organizations. Bank officers and staff have built relationships with community organizations. Some of the organizations include, but are not limited to, the following:

- ***Melrose Affordable Housing Corporation*** - Part of the City of Melrose's Office of Planning and Community Development, the Melrose Affordable Housing Corporation owns and manages affordable rentals units within the City of Melrose. The Bank's Vice President serves as the Treasurer of this organization and a member of the Bank's Board of Directors serves as a Chairman for the organization.
- ***Melrose Affordable Housing Task Force*** - The Bank's Vice President serves as the Co-Chairman for this organization, which advocates for affordable housing in the City of Melrose. In addition, the Bank provides meeting space to the organization.
- ***Mystic Valley Elder Services*** - The Massachusetts Money Management Program is a free service that assists low-income elders who are at risk of losing their independence due to an inability to manage their own finances. This program is operated locally through Mystic Valley Elder Services. A Bank Vice President is a Board member of the organization. In addition, the Bank provides meeting space to the organization to promote and contribute to the funding of the Money Management Program.

APPENDIX A

Fair Lending Policies and Procedures

The Bank has a written Fair Lending Policy, incorporated into their overall Lending Policy. Included in this policy are the Bank's efforts to eliminate discrimination in all aspects of lending, as well as to provide guidance to Bank employees on how to comply with fair lending policies and procedures. The policy prohibits discrimination against all the prohibited classes listed under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA). Also included in the Bank's policies are procedures for the second review process of denied loan applications. The Bank provides fair lending training to all employees as well as the Board.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number and percentage of HMDA-reportable credit applications the Bank received from minority applicants within its assessment area. For 2006, the Bank received 1 application, or 2.4 percent, from a minority applicant which resulted in an origination.

The Bank's minority application flow for this period was also compared with the racial and ethnic composition of the assessment area. The comparison of these data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. The assessment area contains a total population of 27,134 individuals, and 5.5 percent who are representative of various racial and ethnic minorities. The breakout is as follows: 0.9 percent Black, 2.0 percent Asian, 0.1 percent American Indian, 1.0 percent Hispanic, and 1.5 percent were identified as "other race". The level of minority applications is considered reasonable.

APPENDIX B

DEFINITIONS

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 638 Main Street, Melrose, MA 02176."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at 638 Main Street, Melrose, MA 02176."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.